

**REPORT OF THE AUDIT OF THE
PERRY COUNTY
CLERK**

**For The Year Ended
December 31, 2010**



**ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE PERRY COUNTY CLERK

**For The Year Ended
December 31, 2010**

The Auditor of Public Accounts has completed the Perry County Clerk's audit for the year ended December 31, 2010. Based upon the audit work performed, the financial statement presents fairly in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees increased by \$37,476 from the prior year, resulting in excess fees of \$56,756 as of December 31, 2010. Revenues increased by \$1,100,114 from the prior year and expenditures increased by \$1,062,638.

Lease Agreements:

Lease agreements totaled \$114,047 as of December 31, 2010. Future collections of \$114,047 are needed over the next five (5) years to pay the principal on all lease agreements.

Report Comments:

- 2010-01 The County Clerk Should Have Paid Disallowed Expenditures As Recommended In Prior Year Audits
- 2010-02 The County Clerk Should Make Payments To County Election Board Officers In Compliance With KRS 117.035
- 2010-03 The County Clerk's Office Lacks Adequate Segregation Of Duties

Deposits:

The County Clerk's deposits were insured and collateralized by bank securities.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS	3
NOTES TO FINANCIAL STATEMENT	6
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	11
COMMENTS AND RECOMMENDATIONS	15



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Denny Ray Noble, Perry County Judge/Executive
The Honorable Haven King, Perry County Clerk
Members of the Perry County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Perry County, Kentucky, for the year ended December 31, 2010. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2010, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2011 on our consideration of the Perry County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Denny Ray Noble, Perry County Judge/Executive
The Honorable Haven King, Perry County Clerk
Members of the Perry County Fiscal Court

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2010-01 The County Clerk Should Have Paid Disallowed Expenditures As Recommended In Prior Year Audits
- 2010-02 The County Clerk Should Make Payments To County Election Board Officers In Compliance With KRS 117.035
- 2010-03 The County Clerk's Office Lacks Adequate Segregation Of Duties

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Perry County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', written in a cursive style.

Adam H. Edelen
Auditor of Public Accounts

November 29, 2011

PERRY COUNTY
HAVEN KING, COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2010

Revenues

State:

Coal Severance Funds	\$	100,000		
Fees For Services		11,303	\$	111,303

Fiscal Court				81,327
--------------	--	--	--	--------

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	1,097,138		
Usage Tax		3,037,997		
Tangible Personal Property Tax		2,125,107		
Lein Fees		17,780		

Other-

Marriage Licenses		9,479		
Occupational Licenses		4,667		
Deed Transfer Tax		28,252		
Delinquent Tax		713,252	7,033,672	

Fees Collected for Services:

Recordings-

Deeds, Easements and Contracts		18,477		
Real Estate Mortgages		11,944		
Chattel Mortgages and Financing Statements		86,836		
Affordable Housing Trust		35,262		
All Other Recordings		18,345		

Charges for Other Services-

Candidate Filing Fees		1,630		
Copywork		16,297		
Extra Pages		28,229	217,020	

Other:

Miscellaneous		2,345		
Refunds		7,480	9,825	

Interest Earned				950
-----------------	--	--	--	-----

Total Revenues				7,454,097
----------------	--	--	--	-----------

The accompanying notes are an integral part of this financial statement.

PERRY COUNTY
 HAVEN KING, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 797,920

Usage Tax 2,946,659

Tangible Personal Property Tax 812,464

Licenses, Taxes, and Fees-

Delinquent Tax 77,968

Legal Process Tax 26,978

Affordable Housing Trust 35,262 \$ 4,697,251

Payments to Fiscal Court:

Tangible Personal Property Tax 230,257

Delinquent Tax 70,171

Deed Transfer Tax 25,861

Occupational Licenses 4,360 330,649

Payments to Other Districts:

Tangible Personal Property Tax 997,923

Delinquent Tax 355,346 1,353,269

Payments to Sheriff 53,206

Payments to County Attorney 87,689

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies Gross Salaries 399,599

Deputies Gross Election Salaries 7,668

Part-Time Salaries 23,803

Overtime 1,339

Employee Benefits-

Employer's Share Social Security 37,170

Contacted Services-

Advertising 295

Printing & Binding 6,592

Computer Maintenance 7,200

Accounting Services 450

The accompanying notes are an integral part of this financial statement.

PERRY COUNTY
 HAVEN KING, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Materials and Supplies-			
Office Supplies	\$	32,741	
Other Charges-			
Conventions and Travel		8,478	
Dues		1,200	
Bonds		508	
Postage		5,675	
Election Expense		69,442	
Equipment Repairs		3,130	
Returned Checks		228	
Refunds		13,759	
Miscellaneous		314	\$ 619,591
Capital Outlay-			
Office Equipment		69,097	
Coal Severance Services and Equipment		100,000	169,097
Total Expenditures			\$ 7,310,752
Less: Disallowed Expenditure -			
Election Commissioner Fees			2,175
Total Allowable Expenditures			7,308,577
Net Revenues			145,520
Less: Statutory Maximum			81,540
Excess Fees			63,980
Less: Expense Allowance		3,600	
Training Incentive Benefit		3,624	7,224
Excess Fees Due County for 2010			56,756
Payment to Fiscal Court - March 15, 2011			53,500
Balance Due Fiscal Court at Completion of Audit			\$ 3,256

The accompanying notes are an integral part of this financial statement.

PERRY COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2010

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2010 services
- Reimbursements for 2010 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2010

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

PERRY COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2010
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.16 percent for the first six months and 16.93 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Perry County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The Perry County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2010, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

PERRY COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2010
 (Continued)

Note 4. Libraries and Archives Grant

The Perry County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$12,961 and interest totaling \$51 accrued during the year. No funds were expended during the year. The unexpended grant balance was \$13,012 as of December 31, 2010.

Note 5. Lease Agreements

The Perry County Clerk's office was committed to the following lease agreements as of December 31, 2010:

Item Leased	Monthly Payment	Term Of Agreement	Ending Date	Principal Balance December 31, 2010
Postage Meter & Scale	\$ 140	60 months	09/13/11	\$ 1,680
Copier	\$ 237	60 months	02/10/14	\$ 9,022
Copier/Printer	\$ 316	48 months	12/10/13	\$ 11,466
Copier/Printer	\$ 96	36 months	12/08/12	\$ 1,077
Deed Software	\$ 750	60 months	10/03/15	\$ 42,958
Deed Computer	\$ 834	60 months	10/03/15	\$ 47,844

Note 6. Court Ordered Restitution

The Commonwealth's Attorney conducted an investigation resulting in the prosecution of the former bookkeeper of the Perry County Clerk's office. On March 25, 2010 the former employee pled guilty, pursuant to North Carolina v Alford, 400 U.S.25 (1970), to the amended count of Official Misconduct 1st Degree which was committed between January 30, 2006 and December 29, 2006 a Class A Misdemeanor. The Circuit Court ordered restitution of \$21,473 payable to the Perry Circuit Clerk's office in monthly payments of \$150. As of August 29, 2011, the Perry County Circuit Clerk had collected \$2,550 from the former employee in restitution, of this total \$1,350 was collected during the current audit year. Subsequently, the restitution was paid to the Perry County Fiscal Court as 2006 calendar year excess fees. As of December 31, 2010 total restitution due to Perry County Fiscal Court as 2006 excess fees is \$20,123 with \$300 of this total being due to the Kentucky State Treasurer for 2006 legal process fees.

Note 7. Deficit

The County Clerk's deficit consists of disallowed election expenditures totaling \$2,175. The County Clerk will be personally responsible for this amount.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Denny Ray Noble, Perry County Judge/Executive
The Honorable Haven King, Perry County Clerk
Members of the Perry County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Perry County Clerk for the year ended December 31, 2010, and have issued our report thereon dated November 29, 2011. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Perry County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Clerk's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying comments and recommendations, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying comments and recommendations as item 2010-03 to be a material weakness.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Perry County Clerk's financial statement for the year ended December 31, 2010, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2010-01 and 2010-02.

The Perry County Clerk's responses to the findings identified in our audit are included in the accompanying comments and recommendations. We did not audit the County Clerk's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Perry County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', written in a cursive style.

Adam H. Edelen
Auditor of Public Accounts

November 29, 2011

COMMENTS AND RECOMMENDATIONS

PERRY COUNTY
HAVEN KING, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2010

STATE LAWS AND REGULATIONS:

2010-01 The County Clerk Should Have Paid Disallowed Expenditures As Recommended In
Prior Year Audits

During our review and follow-up of the 2007 and 2008 audits performed by the Auditor of Public Accounts and the 2009 audit performed by a CPA, we found the County Clerk had not paid back his fee accounts for disallowed expenditures totaling \$29,290 as recommended in the prior year audits.

- Per the 2007 calendar year fee account audit auditors disallowed expenditures totaling \$9,593, which then was due to the fiscal court as additional excess fees. The County Clerk remitted personal funds of \$605 leaving a balance of \$8,988 of 2007 disallowed expenditures that has not been paid by the county clerk.
- Per the 2008 calendar year fee account audit auditors disallowed expenditures totaling \$17,947, which then was due to the fiscal court as additional excess fees. The county clerk has not paid back any of the 2008 disallowed expenditures.
- Per the 2009 calendar year fee account audit the CPA disallowed expenditures totaling \$1,750. The county clerk has not paid back any of the 2009 disallowed expenditures.

We recommend the County Clerk pay all prior year disallowed expenditures and remit to the fiscal court as additional excess fees as reported in prior year audits. In the future, we recommend the County Clerk ensure all expenditures are reasonable and necessary for the operation of the Perry County Clerk's Office.

County Clerk's Response: The expenditures addressed in the 2007 calendar year fee audit and the 2008 calendar year fee audit were addressed by the County Clerk in his responses to the 2007 audit report and 2008 audit report. The County Clerk reiterates his position that the expenditures mentioned in the 2007 audit report and 2008 audit report were not predominately personal in nature and do not violate the standard set forth in Funk v. Milliken.

Auditor's Response: In Funk v. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court ruled that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature.

County Clerk's Response: The expenditures addressed in the 2009 calendar year fee audit concerned payments made to the Board of Election. The payment of \$125 per day for the Board of Election members was changed to be consistent with the amount paid to precinct workers. Once the clerk learned that this amount exceeded the statutory amount, appropriate corrections were made. The clerk will pay the commissioners according to KRS 117.035. Appropriate corrections have been made.

PERRY COUNTY
HAVEN KING, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2010
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2010-02 The County Clerk Should Make Payments To County Election Board Officers In Compliance With KRS 117.035

The County Clerk paid election commissioners per meeting instead of per day. Also the amount paid (\$125) was in excess of amount allowed per statute. KRS 117.035 (2)(e), states "Compensation and payment of actual expenses of members shall be set by the fiscal court either as an amount payable on an annual basis or as an amount payable on a per diem basis of not less than fifteen dollars (\$15) nor more than one hundred dollars (\$100) for each day the board meets".

The election board consisted of three (3) individuals in addition to the County Clerk. The board held meetings on 19 days for which the three commissioners should have been paid a total of \$5,700. Instead the County Clerk paid the 3 commissioners \$125 per meeting times 21 meetings (twice the board held two meetings in one day) for a total of \$7,875. We recommend the County Clerk pay election board commissioners according to KRS 117.035. We further recommend the County Clerk personally reimburse the official fee account \$2,175 for the total amount of the overpayment to the commissioners.

County Clerk's Response: The clerk will pay the commissioners according to KRS 117.035. Appropriate corrections have been made for this mistake.

INTERNAL CONTROL - MATERIAL WEAKNESS:

2010-03 The County Clerk's Office Lacks Adequate Segregation Of Duties

The County Clerk's office lacks adequate segregation of duties. During our review of internal controls we noted all of the County Clerk's employees receive cash. The bookkeeper receives cash, prepares deposits, posts revenue to the ledger, prepares disbursements other than those listed elsewhere in this comment, posts disbursements to the ledger and completes the monthly bank reconciliations. The County Clerk has assigned different deputies to be responsible for the usage, registration, delinquent tax, legal process, and chattel disbursements. Employees are not cross-trained, therefore, only the deputy responsible for a certain report is knowledgeable about those reports. The deputy who prepares the report is also responsible for preparing all disbursement checks. Although the County Clerk reviews the monthly reports and disbursements, auditors found no evidence that he reviews refund or overpayment disbursements. In order to post all disbursements the bookkeeper uses the check register instead of the actual disbursement check and supporting documentation. The County Clerk routinely only signs payroll checks, not other disbursements. The bookkeeper cannot account for all sequences of checks since other deputies remove groupings of checks from the check register (for multiple disbursements such as those for elections).

PERRY COUNTY
HAVEN KING, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2010
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESS: (Continued)

2010-03 The County Clerk's Office Lacks Adequate Segregation Of Duties

When one deputy collects revenue, prepares deposits, prepares the reports and prepares the disbursements, that deputy has control over the entire process. Auditors could find no evidence that the County Clerk or another deputy verifies the receipts or disbursements (with the exception of payroll) before they are remitted or posted to the ledger. Also, allowing one person control over an entire process without oversight subjects the monies of the County Clerk's office to inaccurate financial reporting or misappropriation.

We strongly recommend the County Clerk segregate duties and/or institute compensating controls. Examples of controls include, but are not limited to, cross-training employees, requiring deputies to periodically rotate duties, routinely recalculating daily checkout procedures for accuracy, obtaining bank statements unopened, re-performing bank reconciliations and ensuring that reports and financial statements are accurate by comparing to the ledgers. The County Clerk should appoint one individual to be responsible for issuing all disbursements. The County Clerk, along with a deputy, should sign all checks. The County Clerk should approve all refunds. The County Clerk and deputies should document the review processes by initialing the reports and supporting documentation.

County Clerk's Response: The clerk signs all payroll checks, all bills, adval and delinquent tax payments. Will sign any other checks when available. Checks are only removed from checkbook binder during the election.

